

**STATEMENT OF NORMAN Y. MINETA
SECRETARY OF TRANSPORTATION
BEFORE THE
SUBCOMMITTEE ON HIGHWAYS, TRANSIT AND PIPELINES
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
UNITED STATES HOUSE OF REPRESENTATIVES**

REAUTHORIZATION OF SURFACE TRANSPORTATION PROGRAMS

MAY 15, 2003

Chairman Petri, Congressman Lipinski, and Members of the Subcommittee, thank you for the opportunity to appear before you today to discuss the Administration's proposal to reauthorize our surface transportation programs. I am happy to report that yesterday I sent to Congress the Administration's reauthorization proposal, the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2003, or "SAFETEA."

Nothing has as great an impact on our economic development, growth patterns, and quality of life as transportation. This is equally true at the national, State, and local levels. A safe and efficient transportation system is critical to keeping people and goods moving and cities and communities prosperous. Reauthorization will supply the funds and the framework for investments needed to maintain and grow our vital transportation infrastructure.

In addition to improving the quality of our lives and enhancing the productivity of our economy, our proposed legislation seeks to place a central focus on transportation safety. Although we have made improvements in the rates of fatalities and injuries on our highways, the total numbers remain intolerable, and they are rising. In 2002, nearly 43,000 people lost their lives on our highways and roads. Families are destroyed and promise is lost.

The economic costs are unacceptable as well. The total annual economic impact of all motor vehicle crashes exceeds \$230 billion, a staggering figure.

For these reasons, the President and I have made saving lives an essential priority for the Department and for the reauthorization of the Transportation Equity Act for the 21st Century (TEA-21). Nothing would make a greater difference in these numbers than to increase the use of safety belts everywhere in America.

If safety belt use were to increase from the national average of 75 percent to 90 percent -- an achievable goal -- 4,000 lives would be saved each year. For every one percentage point increase in safety belt use -- that is 2.8 million more people "buckling up" -- we would save 250 lives, suffer significantly fewer injuries, and reduce economic costs by hundreds of millions of dollars a year.

We have a moral, as well as an economic, obligation to address immediately the problem of transportation safety. The Bush Administration is committed to reducing highway fatalities, and our bill offers proposals to increase safety belt use and to take those actions that can make the achievement of this goal possible.

Our proposals include creation of a new core funding category dedicated to safety within the Federal-aid highway program. This new category will increase visibility and funding beyond the current safety set-aside provisions. We are also seeking to consolidate and simplify the safety programs administered by the National Highway Traffic Safety Administration (NHTSA). This proposal will enhance the capacity and flexibility of States to use Federal grants and their own funds to improve safety. Incentive bonuses will reward those States that achieve demonstrable safety results. Enactment of this bill would be an important step, we believe, in reducing highway fatalities and injuries, and providing greater flexibility to State and local governments to use these funds consistent with a comprehensive strategic highway safety plan.

Our Nation's transportation system obviously faces significant challenges in other areas as well, such as congestion, timely project delivery, freight efficiency, and intermodal connectivity. Our proposal will create a safer, simpler, and smarter Federal surface transportation program by addressing transportation problems of national significance, while giving State and local transportation decisionmakers more flexibility to solve transportation problems in their communities.

SAFETEA calls for a record Federal investment in surface transportation, spending over \$201 billion on highway and safety programs, and nearly \$46 billion on public transportation programs, from fiscal year 2004 through fiscal year 2009.

These funding levels would be achieved by: 1) continuing the financial guarantees of TEA-21 that linked highway funding with the receipts generated by transportation excise taxes; 2) redirecting to the Highway Account of the Highway Trust Fund the 2.5 cents per gallon of the gasohol tax currently deposited in the General Fund; and 3) dedicating an additional \$1 billion a year of Highway Trust Fund dollars over and above each year's estimated receipts into the Highway Trust Fund to improve highway infrastructure performance and maintenance.

Thanks in large part to the hard work of many of you and your predecessors, SAFETEA builds on the tremendous successes of the previous two pieces of surface transportation legislation. Both the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), a bill with which I am proud to have played a role, and TEA-21, provided an excellent framework to tackle the surface transportation challenges that lie ahead.

ISTEA set forth a new vision for the implementation of the Nation's surface transportation programs. Among other things, ISTEA gave State and local officials unprecedented flexibility to advance their own goals for transportation capital investment. Instead of directing outcomes from Washington, DC, the Department shifted

more of its focus to giving State and local partners the necessary tools to solve their unique problems while still pursuing important national goals. SAFETEA not only maintains this fundamental ISTEA principle, it goes further by giving States and localities even more discretion in key program areas.

TEA-21's financial reforms have proven equally significant. By providing certainty, predictability, and of course, increased funding, TEA-21 paved the way for State and local transportation officials to undertake strategic transportation improvements on a record scale.

TEA-21 achieved this by reforming the treatment of the Highway Trust Fund to ensure that, for the first time, spending from the Highway Trust Fund for infrastructure improvements would be linked to tax revenue. The financial mechanisms of TEA-21 — firewalls, Revenue Aligned Budget Authority (RABA), and minimum guarantees — provided greater equity among States in Federal funding and record levels of transportation investment. SAFETEA maintains the core TEA-21 financial structure, while moderating the wide swings in program levels that resulted from the RABA mechanism.

The total size of the program is and will continue to be a matter of debate. As that debate progresses, it should not be permitted to cloud a meaningful and necessary discussion of the many programmatic reforms contained in SAFETEA.

The following are the major programmatic elements of the Administration's proposal to reauthorize the Nation's surface transportation program:

Creating a Safer Transportation System

President Bush and this Administration are committed to fostering the safest, most secure national transportation system possible, even as we seek to enhance mobility, reduce congestion, and expand our economy. These are not incompatible goals. Indeed, it is essential that the Nation's transportation system be both safe and secure while making our economy both more efficient and productive.

While formulating the Department's reauthorization proposal, the Federal Highway Administration and NHTSA came together on a different approach to addressing the Nation's substantial highway safety problems. Under that approach, States would receive more resources to address their own, unique transportation safety issues; would be strongly encouraged to increase their overall safety belt usage rates; and would be rewarded for performance with increased funds and greater flexibility to spend those funds on either infrastructure safety or behavioral safety programs.

SAFETEA establishes a new core highway safety infrastructure program, in place of the existing Surface Transportation Program safety set-aside. This new program,

called the Highway Safety Improvement Program, will more than double funding over comparable TEA-21 levels. In addition to increased funding, States would be encouraged and assisted in their efforts to formulate comprehensive safety plans.

In an attempt to make our grant programs more performance-based, we have proposed a major consolidation of NHTSA's Section 402 safety programs. Two important elements of this revised Section 402 are a General Performance Grant and a Safety Belt Performance Grant. The Safety Belt Performance Grant rewards States for passing primary safety belt laws or achieving 90% safety belt usage rates in their States. Any State that receives a Safety Belt Performance Grant for the enactment of a primary safety belt law is permitted to use up to 100% of those funds for infrastructure investments eligible under the Highway Safety Improvement Program. Also, States can receive additional grants for improving their safety belt use rates. Any State that receives a General Performance Grant for the achievement of various other safety performance measures is permitted to use up to 50% of those funds for activities eligible under the new Highway Safety Improvement Program.

Overall, this groundbreaking proposal offers States more flexibility than they have ever had before in how they spend their Federal-aid safety dollars. It would reward them for accomplishing easily measurable goals and encourage them to take the most effective steps to save lives. It is exactly the kind of proposal that is needed to more effectively tackle the tragic problem of highway fatalities.

SAFETEA also provides increased funding for commercial vehicle safety and research programs in order to enhance the quality, stability, continuity, and uniformity of State commercial vehicle safety and enforcement programs. In addition, our proposal expands and improves safety auditing of "new entrant" motor carriers.

Simplifying Programs by Expanding State and Local Flexibility and Improving Project Delivery

The President and I strongly believe that Federal transportation programs must be simpler. This belief is manifested in two types of proposals that appear throughout SAFETEA: 1) those that increase State and local flexibility and 2) those that seek to increase the efficiency of transportation project delivery.

As the successes of ISTEA and TEA-21 have shown, State and local decisionmakers have the greatest capability to address State and local transportation problems. SAFETEA continues this principle and expands upon it. The Federal Government should facilitate and enable State and local transportation decisionmakers, but it is also in a position to bring multiple States to the table in addressing regional issues, and to take a proactive lead in areas of national concern.

The President and I believe that we can and must protect our environment while improving the efficiency of transportation project delivery, consistent with the President's

Executive Order on Environmental Stewardship and Transportation Infrastructure Project Reviews.

SAFETEA eliminates most discretionary highway grant programs and makes these funds available under the core formula highway grant programs. States and localities have tremendous flexibility and certainty of funding under the core programs. Unfortunately, Congressional earmarking has frustrated the intent of most of these discretionary programs, making it harder for States and localities to think strategically about their own transportation problems.

SAFETEA also establishes a new performance pilot program under which States can manage the bulk of their core formula highway program funds on a performance basis, cutting across the programmatic lines by which the Federal-aid highway program is normally structured. Under the pilot program, States would work with the Department to develop and meet specific performance measures that reflect both State and national interests.

Public transportation programs would undergo a significant restructuring under SAFETEA in an effort to make them more effective and responsive to customer and grantee needs. Under that restructuring, Federal Transit Administration (FTA) programs would fall under three major areas:

- Urbanized area formula grants, which would include the current formula grants as well as formula Fixed Guideway Modernization funding;
- Major Capital Investments, which would broaden the current New Starts program to include non-fixed guideway corridor improvements, such as Bus Rapid Transit; and
- State-Administered Programs, including the Rural, Elderly and Disabled, Job Access and Reverse Commute, and New Freedom Initiative programs. The Job Access and Reverse Commute and New Freedom Initiative programs would be supported through flexible formula grants to the States.

As with the highway program, the restructuring of FTA programs includes shifting discretionary grant programs to formula programs and merit-based funding programs. Funds from the heavily earmarked bus discretionary program will be shifted to four different areas: (1) the Urbanized area formula program; (2) the Rural formula program; (3) the newly expanded New Starts program; and (4) Performance incentive grants. Consistent with the bill's strong overall customer orientation, SAFETEA also proposes a new performance incentive program that rewards increased transit ridership.

SAFETEA will give communities the flexibility to choose less expensive major transit investment alternatives, while ensuring that all projects meet New Starts financial and project justification criteria. This is accomplished by:

- Expanding the New Starts program to include non-fixed guideway corridor-based transit systems;
- Eliminating the \$25 million New Starts funding threshold, making all projects seeking New Starts funds subject to the evaluation criteria established in law; and
- Simplifying the evaluation process for projects requesting less than \$75 million in New Starts funds.

SAFETEA also would promote independence and opportunity by enhancing programs that serve our most vulnerable populations. For example, SAFETEA --

- Increases relative funding levels for rural formula programs to assist the 40 percent of rural counties that have no public transportation, especially since one-third of residents in all rural communities are transportation-disadvantaged;
- Implements the transportation provisions of the President's New Freedom Initiative by creating a stable and reliable source of funding to States for community-based solutions that address the unmet transportation needs of persons with disabilities;
- Makes the Job Access and Reverse Commute program a stable and reliable source of formula funds in every State to help meet the employment-related transportation needs of welfare recipients and other low income individuals. Currently, JARC is a heavily earmarked discretionary grant program;
- Sustains the Elderly and Persons with Disabilities formula program to help meet the needs of these transportation-disadvantaged individuals; and
- Ensures a more coordinated and cost-effective approach to meeting the needs of transit-dependent persons by (1) requiring communities to develop a local prioritized project plan to serve elderly persons with disabilities and low-income individuals, which must be honored by States as they make decisions about suballocating State-administered funds; and (2) making mobility management an eligible expense.

We all know that it takes far too long to take a transportation project from concept to completion, and this Administration is committed to streamlining this process. Projects that were cutting edge while in the concept stage too often end up turning into "catch-up" projects after years of delay. The Department has made great strides in addressing those delays related to environmental review, including better coordination during the environmental review process, and other improvements that have resulted from implementing the President's Executive Order on Environmental Stewardship that was issued last fall. However, certain legislative changes are necessary. In the environmental review area, SAFETEA provides a menu of solutions, all of which should help reduce the time it takes for a sponsor to deliver a transportation project. These include:

- Strengthening the provisions of current law that establish timeframes for resource agencies to conduct environmental reviews and make decisions on permits;
- Improving the linkage between the transportation planning and project development processes;
- Simplifying the processing of Categorical Exclusion approvals;
- Clarifying the legal standard under “section 4(f)” applicable to determinations as to whether a possible project alternative is feasible and prudent;
- Resolving the current overlap between Section 106 of the National Historic Preservation Act and “section 4(f)”;
- Establishing an exemption for the Interstate Highway System as an historic resource, unless the Secretary deems an individual element worthy of protection under the National Historic Preservation Act. The Advisory Council on Historic Preservation and the Federal Highway Administration are working to achieve the objective of this section through an administrative exemption, using a provision of the regulations that implement Section 106. If we are able to make progress towards such an administrative solution, we will advise Congress that this additional legislation is no longer needed.
- Providing for timely resolution of outstanding legal disputes by establishing a six-month statute of limitations for appeals on the adequacy of projects’ environmental impact statements and other environmental documents; and
- Expanding the ability of States to provide Federal-aid highway funds to resources agencies to expedite the environmental review process.

While making the environmental review process more efficient, SAFETEA also offers important proposals to protect and enhance the environment. Those proposals include:

- Revising the CMAQ program to better address the new air quality standards;
- Continuing a major emphasis on improving public transportation;
- Revising the High Occupancy Vehicle (HOV) lane provisions to encourage the use of cleaner and more fuel-efficient vehicles;
- Encouraging the active consideration and implementation of context-sensitive design principles and practices in all Federally aided transportation projects; and
- Establishing a new Transportation, Energy, and Environment program to carry out a multi-modal energy and climate change research program.

Each year, over 900 million people visit national parks, forests, and wildlife refuges. Through our Federal Lands Highways program we provide funding to maintain and responsibly improve access to these areas. Because a substantial maintenance backlog has built up in our system of park roads and parkways, we are proposing a

significant funding increase for the Park Road and Parkways Program. Three hundred million dollars would be authorized for FY 2004, and a total of \$1.890 billion would be authorized over the six-year period, to improve these roads. And, in support of the President's National Parks Legacy Project, a new Federal Lands Transit Program would be established.

The transportation planning process has become overly burdensome as well. To address this problem, SAFETEA proposes the following:

- Combining the long-range metropolitan transportation plan and shorter term Transportation Improvement Program into a single document;
- Aligning the transportation and air quality planning horizons for purposes of transportation conformity; and
- Creating a single set of requirements applicable to both highway and public transportation planning.

Making the Federal Transportation Program Smarter

The President has urged every Federal agency to be more results-oriented, guided not by process but performance. In the context of transportation, that means: using Federal surface transportation programs to increase the efficiency with which people and goods move throughout the transportation system; expanding innovative financing options; enhancing operational capacity; rewarding grantees that meet important, measurable goals; promoting a seamless system in which different transportation modes are efficiently connected; and increasing oversight and accountability to ensure large Federal investments are being protected.

Recent estimates indicate that Import/Export Freight Tonnage could double by 2020 and Domestic Freight Tonnage could increase by about 70 percent over that same period. International trade now comprises over 25 percent of the U.S. Gross Domestic Product and is expected to rise to one-third in less than 20 years. The days when trade issues could be ignored as irrelevant to overall U.S. wealth creation are long gone.

Ensuring efficient global supply chains therefore becomes of paramount importance for the world economy as manufacturing industries respond to a growing goods trade through the implementation of just-in-time manufacturing. Moreover, end products are increasingly comprised of component parts being shipped from all over the world. As a result, the container, by far the most popular means to transport cargo, takes on heightened significance.

Through the implementation of sophisticated logistics policies to manage massive numbers of containers, an inventory management revolution is currently taking place that we must be very careful to protect and promote.

The goal of linking production decisions to the shifting pace of consumer demand that seemed elusive just 20 years ago is suddenly very attainable. With it comes the even

more elusive hope of smoothing out business cycles. The ability to actually move freight quickly across various modes of the transportation system, however, is the linchpin of this revolution. The benefits attributable to dramatically lower inventory costs and increased liquidity for businesses that do not need to spend capital on unused inventory can be severely compromised by an inefficient transportation system.

Although carriers and shippers are by and large private entities, their financial health is inextricably linked to the health of public transportation infrastructure. As a result, cooperation between the private sector and government must be improved through an increase in public-private partnerships. The United States, with the most vibrant and dynamic private sector in the world, is unique in its lack of private sector involvement in transportation infrastructure. In addition to improving the overall condition of the Nation's surface transportation network, SAFETEA specifically targets the capacity and efficiency of the Nation's freight system by:

- Establishing a National Highway System (NHS) set-aside to fund highway connections between the NHS and intermodal freight facilities, such as ports and freight terminals;
- Expanding Surface Transportation Program (STP) eligibility to include freight connector projects;
- Continuing the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) and allowing rail freight projects to qualify for TIFIA credit assistance;
- Lowering the TIFIA program's project threshold from \$100 million to \$50 million; and
- Expanding the availability of tax-exempt private activity bonds to include highway projects and freight transfer facilities.

While virtually every other industry in the world has gone through a technological revolution, transportation still lags behind in the area of technology deployment. Our proposal continues to foster the research, development, and implementation of Intelligent Transportation Systems technologies but places a much greater emphasis on using these technologies to improve the performance and operation of transportation systems and motor vehicles in a way that directly benefits transportation customers.

These technologies can be particularly effective in the implementation of innovative demand management strategies. SAFETEA provides more resources to expand capacity, but also provides new tools to States and localities to manage existing capacity more rationally. Our proposal would allow States to establish user charges on Federal-aid highways, including the Interstate System, to improve these facilities. It would also allow States to permit Single Occupancy Vehicles (SOVs) on HOV lanes, so long as time-of-day variable charges are assessed on SOVs for such access.

Despite their critical role in the surface transportation system, intercity buses have been largely a "forgotten mode." SAFETEA addresses this anomaly by establishing requirements to improve intercity bus access to significant intermodal facilities. Our

proposal also authorizes a \$425 million grant program to fund capital improvements related to such access.

Evasion of Federal fuel taxes is a serious and growing problem that requires an equally serious Federal response. This has been, I know, a major concern of Congress. SAFETEA reduces legal loopholes and dedicates more resources to a collaborative government-wide enforcement effort. If we are successful in curbing fuel tax evasion, it has the potential to increase resources for investment in the transportation system.

Last, but certainly not least, our proposal strengthens stewardship of Federal funds without treading on State prerogatives or creating red tape. Increased accountability will ensure that every dollar spent will yield the maximum benefit in terms of lives saved, reduced congestion or increased mobility. These proposals include:

- Requiring that project management plans and annual financial plans be submitted for all Federal-aid projects costing \$1 billion or more;
- Requiring that annual financial plans be prepared for all projects receiving \$100 million or more in Federal-aid funds;
- Establishing minimum cost-estimating standards in order to provide more reliable and consistent project cost expectations;
- Strengthening the Department's suspension and debarment policies to prevent contractors from continuing to defraud the government; and
- Allowing States to share in monetary recoveries from Federal fraud cases.

This legislative proposal builds upon the principles, values, and achievements of ISTEA and TEA-21, yet recognizes that there are new challenges to address. We urge Congress to reauthorize the surface transportation programs before they expire on September 30, 2003. Any delay would cause uncertainty and likely reduce infrastructure investment at the State and local levels at a time when such investment is particularly critical.

Finally, let me return to the subject of safety. For the past year and a half this Department, with the critical and timely help of this Committee, has dedicated itself to improving transportation security for Americans. Faced with the scourge of terrorism, our Department responded by creating unprecedented partnerships with the private sector, Congress, interest groups, and Federal, State, and local agencies. Together we succeeded in decreasing the dangers of terrorism through new and better technology, more personnel, improved laws, and increased education.

We are going to do the same thing with car crashes. We cannot ignore the deaths of 43,000 Americans each year and the thousands more who are injured. This year, we are going to take the same passion, call on similar partnerships, and build the same record of success through enforcement, education, and engineering. Why? Because it is the right thing to do -- and we have the will and the ability to do it.

Last year, Congress gave my Department 36 mandates to improve transportation security. I gave the people in my Department one. My mandate was to find a way to meet every one of the 36 Congressional mandates. They did.

Now, as we commemorate National Transportation Week, 2003, I have given my Department another mandate: Dramatically reduce the number of Americans killed and injured by car crashes.

If we succeed, hundreds, perhaps thousands, of lives will be saved and serious injuries reduced each year. And the futures of thousands of our fellow citizens will be better secured. It is a mandate that I ask this Committee and this Congress to join our Department and this Administration in achieving.

Thank you, again, for giving me the opportunity to testify, and I look forward to working with Congress to pass this legislation.